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REVIEW OF UNCTAD'S TECHNICAL COOPERATION ACTIVITIES IN AFRICA

Report of the Secretary-General of UNCTAD

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INTRODUCTION

1. At the first part of its thirty-ninth session, the Trade and Development Board, in discussing UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s, requested a review of UNCTAD's technical co-operation activities in Africa. The Board also requested the UNCTAD Secretariat to ensure that such activities, within the context of the New Agenda, responded to the needs of African countries.

2. UNCTAD's technical co-operation activities in Africa cover a wide range of areas. Several of them, which were developed before the adoption of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD), 1986-1990, and the New Agenda for Africa, have been adapted to meet these new requirements. The thrust of UNCTAD's overall technical co-operation programme in Africa conforms with the exigencies of these programmes, within UNCTAD's area of competence.

3. Meanwhile, there are some emerging new realities in Africa which UNCTAD's technical co-operation programmes will need to take into account. The most significant is the widespread acceptance of the need for policy reforms. Many countries are undertaking extensive structural adjustment programmes and some have begun to move to the second stage of reforms, i.e. sectoral adjustment programmes. Sectoral adjustment programmes, typically, are more complex in scope and require a greater spread of technical involvement.

4. Secondly, there is the resurgence of interest in the potential contribution of regional integration and co-operation in Africa to the development process. In spite of disappointing results from the earlier attempts in this respect, African countries see regional co-operation and integration as an important instrument of development in Africa. In addition, their development partners have set aside some earlier reservations and are now more willing to explore the potential contribution of regional approaches to development.

5. The changed approach to economic management in Africa, involving liberalization and market-oriented policy stances, creates possibilities for greater convergence among the policies pursued by African countries. At the same time, the renewed interest in regional co-operation facilitates greater efforts towards policy co-ordination. These two developments offer a potential for a third perspective and a prospective area of assistance, namely the harmonization of policies and the strengthening of regional institutions.

6. The purpose of this review is to relate UNCTAD's technical co-operation programmes to the changing environment in Africa and to identify how, through new emphasis or orientations and with the support of both African countries and international donors, they might respond more fully to emerging needs in Africa, as reflected in, inter alia, the New Agenda for Africa. Although UNCTAD's technical co-operation activities in Africa go beyond issues of regional integration, this review in many ways takes document TD/B/39(2)/11, which discusses integration issues in Africa, as its point of departure.

7. Chapter I of this report gives a general review of UNCTAD's technical cooperation activities in Africa in recent years. Activities in each of UNCTAD's main areas of work are discussed in brief, with some preliminary indications of projects that have already been identified for the future. Chapter II describes some of the issues which should be taken into account in planning the region's technical co-operation programmes, with some suggestions on possible new orientations for UNCTAD. Chapter III addresses the question of the financial resources available to meet these needs.

I. REVIEW OF TECHNICAL CO-OPERATION ACTIVITIES

8. UNCTAD's expenditures on technical co-operation activities in Africa amounted to US$52.5 million between 1986 and 1991 (see table). This represented 61 per cent of total expenditures in all regions.

9. In terms of areas of activity, shipping and multimodal transport, least developed countries and data management were the most important, accounting for 28.6 per cent, 20.2 per cent and 17.1 per cent of UNCTAD's technical co-operation expenditures in Africa in 1986-1991 respectively. Activities relating to resources for development (10.1 per cent), international trade (10.5 per cent), economic co-operation among developing countries (ECDC) (6.8 per cent) and commodities (5.4 per cent) followed in that order of importance.

10. The remainder of this section provides a description of UNCTAD's main technical co-operation activities in Africa, with an emphasis on recent developments.[1] The areas of activity identified in this overview do not conform exactly with those used in the table.

A. International trade

11. A major part of UNCTAD's recent activities in this area involved support for countries during the Uruguay Round negotiations. The African component of the secretariat's activities in this area comprised a regional project and a share of an interregional project. The aim of these projects was to enhance the negotiating capacities of African countries participating in the negotiations by providing studies, briefs and other negotiating material, training programmes, seminars and workshops. For example, 16 of the 44 national seminars on issues relating to the Uruguay Round were held in Africa. As the Uruguay Round draws to a close, this programme of activities is declining sharply.

12. With the support of France, a number of studies in the area of services have been initiated in Cape Verde, Benin and the United Republic of Tanzania. Other countries collaborating with UNCTAD in this area are Cameroon, Côte d'Ivoire, Kenya, Mauritius, and Tunisia. There are also projects approved or in the pipeline for Egypt and Ghana.

13. Assisting African countries to cope with trade policy and other implications of adjustment programmes is another area where UNCTAD has been providing support to African countries. The objectives of such technical co-operation activities are to identify trade policy options and design market-oriented policy responses to the evolving international trading environment through reviews of national policies. Cape Verde, Gambia, Ghana, Guinea, Senegal and Uganda have benefited from this type of activity and trade policy advisers were engaged in the field in Cape Verde, Ghana and Uganda in 1992. In addition, as part of the follow-up to the Second United Nations Conference on Least Developed Countries, a project to assess the constraints on trade diversification in LDCs was initiated in June 1991 with the commencement of field work in Benin, Mozambique and Niger in the African region. Looking ahead, proposals have been submitted to the Governments of Egypt and Nigeria for possible trade policy projects.

14. An important example of interagency co-operation in the area of trade is provided by the case of Nigeria. Following a preparatory programming mission undertaken in response to a request by the Nigerian authorities to UNCTAD for technical co-operation with the support of UNDP, interagency collaboration involving FAO, UNIDO, ITC and UNCTAD was launched. A wide-ranging draft programme of activities to support the trade sector has been discussed with the Nigerian authorities and included in the UNDP country programme for 1992-1996.

15. UNCTAD's Software on Market Analysis and Restrictions to Trade (SMART), developed in association with the World Bank, aims to assist countries in identifying market opportunities and product categories where changes in trade partners' policies would be of greatest benefit. It has been made available to several African countries.

16. Apart from the need to design appropriate policies to respond to the new situation arising from more market-oriented policies, countries need assistance in the area of public enterprise reforms. Support has been given to Cape Verde, the Central African Republic, Gambia, Ghana, Madagascar, Senegal, Uganda and the United Republic of Tanzania through analytical papers and direct assistance to trade-related public enterprises. Within the context of promoting "East-South" trade, a workshop-cum-business week was organized in Morocco. Within a similar framework, African officials participated in workshops of Trade Representatives and Economic Counsellors from developing countries accredited to the former USSR. UNCTAD has also assisted African countries in addressing problems relating to restrictive business practices (RBPs). Assistance in this area is provided mainly through regional and national seminars, symposia, workshops and advisory missions. Ghana and Zambia are examples of countries which have benefited from assistance in the drafting of relevant legislation and follow-up training events.

17. UNCTAD's activities in Africa in the area of transfer of technology have included a training programme and a national seminar in Burundi and missions to Gambia, Senegal, Nigeria and Somalia to assess those countries' technical assistance requirements and to define possible areas of co-operation. A case study on the utilization and commercialization of R and D results was prepared for Egypt, while a report identifying Tunisia's requirements for technology transfer has been submitted to the Tunisian authorities.

B. Support for the financial sector

18. UNCTAD's main technical co-operation activity under this rubric is assisting Governments to improve or establish debt management systems so as to have ready access to current information on the country's external debt position. UNCTAD's Debt Management and Financial Analysis System (DMFAS) comprises computer software which serves as the backbone of this assistance. The objectives of the programme and the facilities it offers are described in document TD/B/WP/76, paras. 70-74. A number of African countries have benefited from DMFAS, many of them through funds provided by UNDP, although bilateral funding has made a major contribution. A related activity, supported by Italy, involves providing assistance to African countries in implementing the results of Paris Club agreed reschedulings.

19. UNCTAD's activities relating to insurance have three principal objectives in assisting developing countries, namely to overcome structural and technical constraints on the development of insurance markets, to maximize countries' insurance retention capacity, and to obtain equitable terms and conditions in their dealings with international re-insurance markets. Specific activities in Africa under this programme include assistance in establishing a fully operational supervisory body and training programmes for supervisory staff in Zimbabwe, and assistance for a regional training centre for East and Southern Africa in Zambia. In addition, a workshop to reassess African insurance markets was organized in Morocco, in which representatives from 35 African countries participated, while a Re-insurance Exchange Meeting in Zimbabwe provided an opportunity for exchange of business among African re-insurers.

20. Most structural adjustment programmes in Africa have entailed drastic efforts to tighten credit and to reduce inflation, as well as massive devaluations. These developments have exposed serious weakness in the financial sector of many African countries. UNCTAD's technical

cooperation activities have included support for Ghana's Financial Sector Adjustment Programme (FINSAP). The project has involved assistance to restructure the banks' portfolios, improve their net worth and asset base, establish prudential supervision, rationalize the banks themselves, and prepare them for divestiture. The FINSAP also involved restructuring the central bank and strengthening its capacity to exercise prudential regulation. In the policy area, the programme has involved the liberalization of the money market, moving from a system of direct control of lending rates to open market operations and the liberalization of the foreign exchange market. In the area of institution-building, a new banking law and a new central bank law were promulgated and a new law on non-bank financial institutions is being prepared. A study of the insurance sector and pension funds is also under way with a view to introducing reforms as may be required in this sub-sector.

C. Commodities

21. Over the reporting period, UNCTAD has carried out studies and analyses on the evolution of various commodity markets, the liberalization of export marketing systems and their impact on national export policies, the role of the state and the enterprise sector in the export of commodities, and the implications of utilizing commodity exchanges and other mechanisms of international trade. These studies and analyses are intended to help improve market transparency and to assist policy-makers in developing countries.

22. One such project is intended to identify viable processing projects in commodity-dependent developing countries and to find financing for them. This project, financed by the Government of Japan and UNDP, was developed in co-operation with relevant international organizations and beneficiary countries. An expert is currently assessing the potential for increasing investment in commodity processing in Cameroon, after which a Round Table meeting will be held in the country. After the pilot phase, an assessment will be undertaken to determine if project activities could profitably be extended to other commodity-dependent developing countries.

23. Work has started on the establishment of a Micro-computer-based Commodity Information and Analyses System (MICAS), with the support of the Government of Italy. The objective of this project is to provide developing countries with an improved basis for taking market-based decisions regarding investment, diversification and marketing of their commodities. African countries are expected to benefit from these activities.

24. UNCTAD has elaborated a project entitled "Improving the commodity export policies of developing countries". This project is designed to assist developing countries in elaborating export policies, especially for agricultural commodities, which take into account increased interaction with international marketing systems, the possibilities for participation in the export of non-traditional products, and the adoption of new domestic marketing regimes. The project envisages the holding of a series of workshops in Africa and other regions to facilitate exchanges of experience between countries which are exporting the same commodities and which are developing, or wish to develop, new export policies. The OAU has expressed interest in co-sponsoring a number of these workshops. At the present stage, UNCTAD is actively looking for sources of finance for the project.

25. UNCTAD's programme on "Import management and policies for food commodities", supported by the Governments of Italy and Switzerland, provides African countries with assistance in procurement through various activities. In 1991-1992, workshops on international trading in rice and sugar were organised in Gambia, Ghana, Mali, Mauritania, Niger, and

Senegal. Advice on the international procurement of wheat, rice and corn was given to government buying agencies in the Comoros, Kenya, Madagascar, Tunisia and the United Republic of Tanzania. In addition, a number of fellowships were awarded to officials in state trading enterprises from Senegal, Tunisia and the United Republic of Tanzania.

26. UNCTAD has completed preliminary work on a statistical analysis of the role of the minerals sector in 30 countries, including Botswana, Ghana, Guinea, Mauritania, Namibia, Togo, Zaire, and Zambia. Specifically, detailed analyses have been carried out of the mineral sectors of Morocco and Zimbabwe, which have important non-fuel mineral sectors. A regional seminar for government officials concerned with policy formulation for the minerals sector was conducted in 1992.

27. UNCTAD also organised a seminar in Morocco on the role of the minerals sector in the economic development of Africa, funded in large part by extra-budgetary contributions from Sweden and Norway. The seminar addressed a number of issues including exploration and resource assessment, small-scale and artisanal mining, investment, environmental considerations and the role of the international community in technical and financial assistance for the mineral sector in Africa. The conclusions of the seminar are being used to prepare a proposal for technical cooperation for the region's mineral sector under the fifth UNDP inter-country programme for Africa (1992-1996).

28. UNCTAD's technical cooperation in the field of commodities and sustainable development aims to improve the understanding of the links between the commodity sector and the environment, thus facilitating the design and implementation of policies which ensure the sustainability of development. Four studies on these links, covering agriculture, fisheries, mining and forestry, were undertaken in 1991 with financing provided by the Government of the Netherlands and discussed at a Round Table Meeting where African experts participated.

29. Funds was also provided by the Government of the Netherlands in 1992 for comparative studies on the environmental impact of producing a specific commodity in different countries and under different economic and environmental policies. These studies are expected to provide insights into the choice of policies and production techniques to be adopted for the sustainable production of the commodities concerned. At the time of writing, the selection of commodities had not been finalized, but African countries will be included.

30. In 1992-1993, UNDP will finance a series of country case studies on the impact on the environment of trade and commodity policies and on the impact of environmental regulations in importing countries. Country selection, which will include African countries, is under way. UNCTAD is also planning technical cooperation activities on the incorporation of environmental costs into the prices of commodities and on the promotion of production and trade of environmentally preferable commodities, of which African countries produce a considerable number.

D. Data Management

31. Assistance in the management of customs data, which is delivered through UNCTAD's Automated System for Customs Data (ASYCUDA), is the most important UNCTAD technical cooperation activity in this area. The ASYCUDA programme assists customs authorities in developing countries in processing customs declarations, controlling the clearance of goods, and generating reliable and timely trade and fiscal data. The system covers a wide range of customs functions, including manifest control, goods declaration, warehouse control, examination and

licensing. It has been installed in 18 African countries. [2] In addition, an ECOWAS computer centre has been set up in Lomé, Togo, to facilitate day-to-day management and provide co-ordination and training facilities. The ASYCUDA programme is funded by several donor countries, the UNDP, the European Development Fund and the World Bank.

32. An EEC-financed project for a regional ASYCUDA centre in Lusaka, Zambia, has been approved recently and negotiations for a similar centre in Libreville, Gabon, for the Economic Community of Central African States (ECCAS) are in progress. UNCTAD has also prepared a proposal for a trade facilitation project covering 18 Member States of the Preferential Trade Area (PTA) for Eastern and Southern African States. The proposal was drafted at the request of the PTA Secretariat and is currently being considered for funding by UNDP.

33. Activities relating to trade control measures during the period include the establishment of an UNCTAD Coding System on Trade Control Measures, consolidation of the UNCTAD Database on Trade Control Measures and the preparation of related statistical analyses for developing countries. The purpose of these programmes is trade facilitation through improved transparency of trading conditions. Information generated by these activities has, for example, been used to support negotiations within the PTA. UNCTAD has also collaborated with ITC to install a trade information network in the PTA countries for use in export promotion activities.

E. Economic co-operation among developing countries (ECDC)

34. UNCTAD has undertaken a range of activities to facilitate economic cooperation among African countries. In the ECOWAS countries, assistance was given in coastal shipping, establishment of a common external tariff and monetary and financial co-operation at the enterprise level. Assistance was also provided to ECCAS on rules of origin, harmonization of trade and customs and a common external tariff. In Southern Africa, memoranda and briefing notes have been prepared for Botswana, Namibia, Lesotho and Swaziland in their negotiations with South Africa regarding the Southern African Customs Union (SACU). The PTA also received assistance in such areas as monetary and payments harmonization, trade facilitation, and computerization and harmonization of customs data.

35. Technical co-operation activities within the enterprise sector involved the organization of missions of African entrepreneurs to Argentina and of entrepreneurs from Cape Verde to the Canary Islands. High-level contacts between officials of African and Latin American Central Banks on trade financing were also organized. There was also a seminar on trade expansion between Latin America and Africa and studies have been prepared on the identification of joint enterprises between Cote d'Ivoire and Latin America.

F. Transport, transit and communications

36. Problems of transport and communications, transit and access to ports and the general problem of movement of persons, goods and services in Africa are a major constraint on the region's trade and development, particularly of the land-locked countries. The lack of adequate or efficient transport and communications facilities is also one of the major impediments to African economic integration. UNCTAD's technical co-operation activities in the area of shipping and multimodal transport are complemented by those relating to the land-locked countries; together they include activities relating to rail, roads, ports, dry cargo docks, multimodal transport, transit arrangements, cargo tracking and handling arrangements along routes (including transit arrangements) and access to ports and port facilities. The following

paragraphs provide some additional information on these activities, fuller details of which are given in document TD/B/WP/76, paras. 119-121 and 127-143.

37. UNCTAD has conducted a series of feasibility studies for the establishment of an intra-regional shipping service along the West Central African coast from Dakar in Senegal to Luanda in Angola. These studies indicate that a US$60 million maritime investment could be financially viable and could provide important support for the expansion of subregional trade and development. Initially the system would provide a fortnightly service for passengers, intra-regional trade and international transhipment cargoes. The project was endorsed at a meeting in April 1992 of public and private economic operators, representatives of West African Governments, subregional financial institutions and NGOs. An implementation committee has been established with the basic mandate of finalizing the financial and operational aspects of the study and, subject to satisfactory conclusions, moving forward to implement the service within two years.

38. Other UNCTAD technical cooperation activities related to shipping being carried out in Africa, sometimes in collaboration with other bodies, focus on the organisation, administration, management, operations and development of ports, strengthening the technical capabilities of port authorities in planning, setting tariffs and cost accounting and setting up training institutions. For example, UNCTAD has been involved in port mechanization and management in Sao Tomé and in the harmonisation of tariffs and accountancy in ports of West and Central Africa.

39. In the area of maritime legislation, a draft maritime code has been prepared for Ethiopia and is currently under discussion with a team of national counterparts. The project includes the preparation of draft laws and regulations on maritime administration, marine safety and pollution, maritime commercial law and port and harbour regulations.

40. Technical co-operation is also being offered to support the preparation of guidelines for the harmonization and modernization of the national maritime legislation of the member countries of the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR). The project entails, inter alia, a review of the various international conventions on maritime law, accession to which may be recommended to MINCONMAR member states having due regard for the economic and technological implications. MINCONMAR member countries will be advised within the framework of the follow-up to the recommendations of the report upon its adoption by the MINCONMAR Ad Hoc Committee on Maritime Legislation.

41. Completed technical cooperation activities in the area of multi-modal transport include Phase II of an Intermodal Facilitation Programme for Ethiopia. The previous phase analyzed ways of improving the international transport of Ethiopia, while Phase II focused on the redrafting of legal instruments related to national transport, on the dissemination of technical information, and on the formulation of operational improvements of cargo movement in Ethiopia. Phase III will deal with facilitation of trade and transport, transport legislation and container operations.

42. Another project that will start in 1993 is the Intermodal Facilitation Programme for Mozambique, financed in part by UNDP and in part by the Government of Mozambique drawing on a recently approved IDA credit. The purpose of this project is to correct the inefficiencies in the Mozambican transport and trade system. A project document has been elaborated covering the first phase of the project. This phase will include: (1) a review of the existing situation regarding transport and trade regulations, documents and procedures; (2) the identification of possible measures to be introduced; and (3) the determination of intervening

institutions and the critical path for consequent administrative reform. It will also prepare for the introduction of ASYCUDA in the Customs adminstration in Mozambique.

43. Three subregional projects dealing with transit transport are being executed by UNCTAD. Each project contains two distinct but complementary components, namely transit traffic and transport support. The projects cover Southern, Western and Central and Eastern and Central African States respectively. The main purpose of the transport support component of the projects is the establishment of a transport logistics information system called the Advance Cargo Information System (ACIS) to provide data for use in both daily operations and management planning. A fuller description of this project is given in document TD/B/WP/76, paras. 136-138. ACIS has been installed on several African railway lines and at a number of ports. Within the limit of available resources, the system will be extended to all modes of transport in sub-saharan African countries. Discussions are under way with a number of bilateral and multilateral donors to install selected ACIS modules (notably RAILTRACKER) in other African countries.

44. Human resources and institutional development are important components of UNCTAD's technical cooperation activities in Africa. In the area of maritime transport, TRAINMAR is an interregional programme whose aim is to develop the capacity of developing countries to satisfy their own training needs in the sector and to satisfy related human resource development needs. The programme is based on: (1) the development of a uniform training methodology and its dissemination and use among institutions in participating countries; and (2) cooperation between these institutions, organized through regional networks, so as to improve standards, avoid duplicated effort and share outputs. Coordination and support for such cooperation are regular activities of UNCTAD; donor-sponsored projects enable support to be provided at the regional and national levels.

45. Current TRAINMAR projects cover Algeria, Egypt and Morocco. Projects are in preparation at the national level for Benin, Cape Verde, Madagascar, Senegal and Togo. Subregional projects under preparation cover the Maghreb countries, Angola and Mozambique, West and Central Africa, and the Indian Ocean States.

G. Human resources development

46. Following the structured approach adopted under TRAINMAR, in 1990 UNCTAD launched TRAINFORTRADE, which is designed to develop the human resources of developing countries in the field of foreign trade and trade-related services. The programme is based on two principles - that training is more efficient if it takes place at the national and/or subregional level and that co-operation among countries and the sharing of training resources (for example, pedagogical material) among training institutions reduces the cost of training and maintains high-quality international standards.[3]

47. TRAINFORTRADE has developed three training packages of direct relevance to the needs of Africa, namely "Trade with EC Single Market Countries" for ACP countries, "Commodities Trading, Futures and Options" and "National Trade Policies" (to be available in April 1993). Several workshops using the first two packages were organized in 1992 in Africa using UNDP financing and Trust Funds provided by the Governments of France and Italy. In 1993, a subregional TRAINFORTRADE programme is being launched in the Maghreb countries, funded by the Government of Luxemburg. Funding is also being sought for the development of a TRAINFORTRADE network in sub-Saharan Africa.

II. AREAS REQUIRING GREATER FOCUS AND ATTENTION

48. As is apparent from the foregoing overview, UNCTAD's technical cooperation activities in Africa have developed over time and cover the main areas of UNCTAD's mandate. As a result, many of the areas identified in the New Agenda for Africa that fall within UNCTAD's mandate are already being addressed by UNCTAD's ongoing technical co-operation activities. However, the role of the enterprise sector and the need to involve NGOs are additional areas of emphasis in the New Agenda, and UNCTAD will be giving greater attention to these dimensions in its future activities. In addition, having regard to current developments and trends in Africa, the following areas would appear to warrant particular attention in UNCTAD's technical co-operation and activities in the region: support for structural adjustment and other reform programmes; regional co-operation and integration; development of transport and communications infrastructures; diversification of production and trade; foreign investment; support for the enterprise sector; and related institutional and human resources development programmes. Some more specific indications of areas where UNCTAD's technical co-operation might be reinforced are given below.

A. Support for structural adjustment and other reform programmes

49. The continued pursuit and deepening of ongoing reforms in Africa should form the basis for other efforts to promote growth and development in the region. These programmes should now move from the stabilization phase to a people-centred growth-oriented approach. At this stage, sectoral programmes will become more important.

50. Experience has shown that the design and execution of sectoral programmes is a complex process which should not only be guided by the norms of efficiency, comparative advantage, etc. but should also involve the actors and the beneficiaries. In this regard, many African countries do not have sufficient technical expertise to formulate, develop and execute sectoral programmes and will need more support.

51. For example, trade liberalization and trade policy in the context of structural adjustment is of major concern to many African countries. Governments may wish to liberalize, but they often face domestic resistance. UNCTAD has provided assistance to some African countries in weighing the pros and cons of various policy measures, but more countries need support to examine such issues and to find appropriate remedies within the normally acceptable rules of international trade and without compromising their national interest. This type of support should assist in building a domestic consensus that trade liberalization is possible within a rational, equitable and transparent international trading environment.

52. The area detailed above, as well as the financial sector project with Ghana described in para. 20 above, are just two of the many areas of sectoral adjustment where increased technical co-operation support for Africa could be beneficial. Intensified efforts could strongly underpin structural adjustment and reform programmes in Africa.

B. Regional co-operation and integration

53. Promotion of regional co-operation and integration is clearly identified in the New Agenda for Africa as a major plank of Africa's development strategy in the 1990s. The benefits, as well as the new orientations required to further this objective, are described in document TD/B/39(2)/12.

54. Substantial technical cooperation will be required in many areas within UNCTAD's field of competence. In particular, the six-stage programme of steps leading to the establishment of the African Economic Community (AEC)[4] covers many areas where UNCTAD is already engaged in supporting African countries and regional and subregional integration groupings. These efforts will need to be intensified, with the support of the international community. In this connexion, it will be recalled that the Standing Committee on Economic Cooperation among Developing Countries is to " make the necessary arrangements for a pragmatic policy dialogue among the donor community, subregional, regional and interregional groupings ... with a view in particular to mobilizing support for designing and implementing regional initiatives" (TD/B/CN.3/5, annex II para.4).

C. Development of transport and communications infrastructures

55. Document TD/B/39/(2)/12 outlines the cardinal importance of transport and communications infrastructure to the integration and overall development of the region. UNCTAD's contribution to improving transport and communications throughout the continent will be channelled through the programme of the Second United Nations Transport and Communications Decade in Africa (UNTACDA II), the aim of which is to establish an efficient integrated transport and communications system as a basis for the physical integration of Africa and to facilitate national and international traffic so as to promote trade and the achievement of self-sustained economic development. UNCTAD chairs the UNTACDA II Sub-Sectoral Working Group on Shipping, Ports, Inland Waterways and Multimodal Transport and, in this capacity, arranged for the development of the Decade Sub-Sectoral Strategies for Shipping, Ports, Inland Waterways and Multimodal Transport.

56. UNCTAD's main contributions to the activities of UNTACDA II will be in two areas:
- Multimodal transport, including the facilitation of traffic to and from land-locked countries and the implementation of UNCTAD's Advance Cargo Information System (ACIS);
- Human resources and institutional development and the strengthening of African training institutes through UNCTAD's TRAINMAR programme.

A total of 15 subregional projects submitted by UNCTAD have been included in the first batch of UNTACDA II approved projects. Discussions are taking place with African IGOs in order to finalize these proposals, and several are already under consideration by donors.

D Diversification of production and trade

57. The diversification of African economies will, in future, require greater application, imagination and initiative from all concerned - African countries themselves, their development partners and technical co-operation and multilateral financing institutions. African countries will need assistance in defining areas where diversification is feasible and in exploring the avenues to achieving that objective. Feasibility and other policy studies will be required to determine potential areas of short, medium, and long-term comparative advantage and to decide on the national measures required to diversify output and trade. In addition, there continues to be a need to improve efficiency in present modes of production in order to generate the necessary surpluses for further processing.

58. Support for the diversification efforts of African countries would benefit from increased collaboration among the agencies concerned. In particular, FAO, UNIDO, World Bank, IFC and ITC would be important partners.UNCTAD could contribute to this process by initiating inter-agency technical co-operation programmes along the lines of the Nigerian project described

in paragraph 14 above. It will enable African countries to reap the fuller benefits of a broad based approach to diversification. The selection of other agencies could be determined on the basis of the particular aspect of the problem being addressed in each country.

E. Foreign investment

59. Debt and resource flows to developing countries have been a major focus of UNCTAD technical cooperation over the years. Recently, issues relating to foreign direct investment flows to Africa have begun to receive increased attention, firstly because of the prominence now being given to the private sector and secondly because the increasing global shortage of bilateral official development assistance funds means that more countries will have to seek foreign direct investment to support their projects. However, in spite of strenuous efforts by many African countries to reform their economies and streamline their investment codes and procedures, foreign direct investment flows to Africa are the lowest among the developing regions. The Trade and Development Board, at the first part of its thirty-ninth session, requested the secretariat to undertake a study on foreign direct investment in Africa to be discussed at the first part of its fortieth session.

60. In addition, the Ad Hoc Working Group on Investment and Financial Flows at its first session adopted a work programme which calls for an exchange of experience based on country presentations with respect to national, regional and international policies and measures to promote foreign direct investment and other non-debt-creating flows. The programme is open to all countries wishing to participate. However, among African countries, so far only Egypt and Morocco have offered to prepare case studies. It is hoped that some sub-Saharan African countries will be able to participate in the programme. Lessons from the proposed studies and the work of the Ad Hoc Working Group on Investment and Financial Flows should assist African countries in removing some of the remaining hindrances to foreign direct investment flows into the region.

F. Support for the enterprise sector.

61 Development of the enterprise sector is closely linked with promotion of foreign direct investment, since a broad-based and vibrant enterprise sector provides a conducive environment for foreign investment. UNCTAD programmes aimed at developing the enterprise sector in Africa are expanding, but need to be further increased. Assistance will be required to support and implement divestiture programmes and to assist African enterprises to find joint venture partners at the national, subregional, regional or international levels.

62. Assistance to enterprise-sector NGOs, such as trade associations and chambers of commerce and industry, also needs to be expanded. These African NGOs will need to be supported in looking beyond national boundaries to seek viable partnerships, with a view to consolidating their experiences. Finally, many African countries need assistance to take full advantage of existing international facilities for private enterprise promotion (such as the Multilateral Investment Guarantee Agency (MIGA)). This could be done in collaboration with MIGA itself, and with the International Finance Cooperation(IFC).

G. Related institutional and human resources development programmes

63. Many African countries lack the necessary technical personnel to carry forward their programmes, and manpower development generally has been inadequate. Such programmes as are in place have not given sufficient weight to scientific education and the development of

technical skills. Lack of a critical mass of middle-level skills, especially in the management grades, is a major constraint on development.

64. Many of UNCTAD's technical cooperation activities described above have substantial technical training and human resource development components. These programmes will need to be intensified, with greater focus on managers and middle-level personnel. Secondly, training programmes should be extended to cover private sector personnel, who are expected to be the principal actors in the development process. Thirdly, the use of local experts could be an important means of developing human resources at the national and regional levels. It is noted, for example, that whereas UNCTAD's expenditures on technical cooperation activities in Africa are estimated to account for 61 per cent of total UNCTAD technical cooperation expenditures, only 24 per cent of the experts/consultants engaged on projects in 1990 were of African origin.[5] Consultancy is a particular area where success breeds success. Accordingly, greater use of local experts and consultants will not only help develop greater confidence among them, but could eventually lead to a broad resource base within the region upon which countries can draw.

65. Finally, institution-building needs to become an important area of technical cooperation activity. Examples of the types of assistance required when adjustment programmes move from the macro-cum-stabilization objective to the developmental approach through sectoral reform programmes are relevant. Both public and private sector institutions need to be assisted. In the public sectors of many African administrations, the culture of high quality service, integrity and accountability has been badly eroded by political interference and patronage. In many cases, approaches to issues - both technical and attitudinal - are simply outdated. In the case of the private sector, hostility or benign neglect are the causes of weak institutions.

66. UNCTAD already has the necessary field contacts on which to build in order to take a more active part in institution-building efforts in African countries. UNCTAD's support for institutional development efforts in Africa could be extended to the development of the necessary institutional frameworks for bank and non-bank financial institutions, such as insurance companies, pension funds and savings and loan associations, stock exchanges and other capital market institutions. The development of legal, institutional and technical frameworks for more effective and prudential regulation of financial institutions is one area where UNCTAD can collaborate with other competent bodies to support institution-building in the region. Similarly, substantial amounts of institution-building will be entailed in UNCTAD's support for Africa's programme of regional integration which aims at achieving an African Economic Community 34 years from now.

III. RESOURCES FOR FUTURE UNCTAD TECHNICAL CO-OPERATION ACTIVITIES IN AFRICA

67. During the period under review, there was a shift in UNCTAD's technical co-operation expenditures towards Africa, as part of UNCTAD's own effort to respond to UN-PAAERD. However, UNCTAD's ability to react in this way, and to contribute to the New Agenda in a similar manner, also depends on its development partners, both recipient and donor countries.

68. As demonstrated by this report, UNCTAD has technical expertise and experience which would enable it to make a contribution, direct and indirect, to the achievement of many of the objectives of the New Agenda. However, in accordance with the principle that African countries

should determine their own development priorities, it is their responsibility to decide on the nature of the services that they wish UNCTAD to provide in this regard.

69. At the same time, it has to be recognized that the requests to UNCTAD from developing countries for technical co-operation already greatly exceed the financial resources available. UNCTAD's technical co-operation activities are overwhelmingly funded from extra-budgetary resources: UNCTAD has no regular budget funds which it can make available for country or regional activities. In the past, UNCTAD has been able to rely heavily on UNDP, particularly its regional IPFs, to fund technical co-operation activities. However, resources for UNDP's regional programmes have been reduced for its programming cycle 1992-1996. In particular, the resources made available to UNCTAD from UNDP's regional IPF for Africa declined markedly in 1992.

70. On the other hand, trust fund contributions to UNCTAD's technical co-operation activities, mainly from bilateral donors, have increased significantly in recent years. In agreement with the donors concerned, many such contributions are being allocated specifically to Africa. To some extent, therefore, the decline in UNDP resources available to UNCTAD for activities in Africa has been offset by contributions from other sources, not all of which are specifically allocated to Africa.

71. Nevertheless, the situation remains fluid and there is no guarantee that extra-budgetary trust funds available to UNCTAD for technical co-operation in Africa will retain the momentum of recent years. Indeed, there are already some signs of a slowdown in bilateral contributions as a result of the pressure on government finances in the developed countries and the corresponding reduction in aid budgets.

72. It is generally recognized that one ingredient for economic recovery in Africa is for the continent to become economically more integrated, both regionally and with the world economy. Institution-building and human resource development are as necessary in this field as in most others that are paramount to Africa's future. UNCTAD stands ready to contribute to the attainment of these and other dimensions of the New Agenda for Africa, both by assisting African Governments and intergovernmental organizations to identify their technical co-operation needs more precisely and by responding to their requests for expertise and other forms of technical co-operation. To enable it to do so, however, donor countries and institutions must make available the financial resources necessary to respond to such identified needs.

UNCTAD TECHNICAL COOPERATION EXPENDITURES IN AFRICA[1], 1986-1991[2]

(thousands of dollars and percentage)

FIELD OF ACTIVITY	UNDP		TRUST FUNDS		REGULAR PROGRAMME		TOTAL	
	Amount ($000)	%	Amount ($000)	%	Amount ($000)	%	Amount ($000)	%
International Trade	3,841	8.5	1,515	25.6	137	10.2	5,493	10.5
Protectionism & Market Access	363	0.8	59	11.0	-	0.0	422	0.8
Structural Ajustment & Trade Expansion	1,084	2.4	1,266	21.4	51	3.8	2,402	4.6
International and Trading System	1,853	4.1	24	0.4	-	0.0	1,876	3.6
Technology	360	0.8	166	2.8	44	3.3	570	1.1
Other activities	181	0.4	-	0.0	42	3.1	223	0.4
Resources for Development	4,609	10.2	675	11.4	-	0.0	5,284	10.1
International Monetary Issues	859	1.9	36	0.6	-	0.0	894	1.7
Development Finance	2,530	5.6	639	10.8	-	0.0	3,170	6.0
Insurance	1,175	2.6	-	0.0	-	0.0	1,175	2.2
Other activities	45	0.1	-	0.0	-	0.0	45	0.1
Commodities	1,988	4.4	710	12.0	147	10.9	2,845	5.4
Data Management	7,230	16.0	1,764	29.8	-	0.0	8,993	17.1
Economic Cooperation among Developing Countries	2,937	6.5	237	4.0	410	30.4	3,583	6.8
Least Developed Countries	10,303	22.8	249	4.2	51	3.8	10,602	20.2
Shipping & Multi-modal Transport	14,189	31.4	621	10.5	187	13.9	14,997	28.6
Cross Sectoral & Other Activities	90	0.2	148	2.5	415	30.8	653	1.2
Total	45,187	100.0	5,918	100.0	1,347	100.0	52,452	100.0
Share of Africa in total	63.0%		52.2%		52.3%		61.2%	

[1] Including Africa's share of interregional project expenditures.

[2] These data do not conform with those contained in table III of document TD/B/WP/76/Add.1 because of differences in country coverage. The data in the present report refer to all African countries, whereas the latter data are classified by UNDP geographical groupings, according to which countries in North Africa are included under "Arab States".

NOTES

1. More detailed information, including a country-by-country list of projects for the period 1989-1991, can be found in the comprehensive review of UNCTAD's technical cooperation activities contained in documents TD/B/WP/76 and Add.1

2. Benin, Burkina Faso, Burundi, Central African Republic, Cape Verde, Comoros, Ghana, Guinea Bissau, Madagascar, Mali, Mauritania, Mauritius, Rwanda, Sao Tomé and Principé, Sudan, Togo, Zaire and Zimbabwe.

3. For a fuller description of TRAINFORTRADE, see document TD/B/39(2)/14

4. Organisation of African Unity, Treaty Establishing the African Economic Community, Article 6.

5. TD/B/WP/76/Add. 1, annex table VIII.B.